

BALL JANIK LLP

A T T O R N E Y S

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OF COUNSEL
(202) 466-6532

RECORDATION NO. 21898 FILED

DEC 23 '98

2-19 PM

lgitomer@bjllp.com

December 23, 1998

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, DC 20423

Dear Secretary Williams:

I have enclosed two originals of the document described below, to be recorded pursuant to 49 U.S.C. § 11301.

The document is a Memorandum of Loan and Security Agreement, a primary document, dated as of December 21, 1998. We request that this document be given the next available recordation number.

The names and addresses of the parties to the Memorandum of Loan and Security Agreement are:

Lender:

Banc One Leasing Corporation
1111 Polaris Parkway, Suite A3 (OH1-1085)
Columbus, OH 43240

Borrower:

Industrial Railway Switching and Services, Inc.
1200 South State Street
Chicago Heights, IL 60411

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RECEIVED
SURFACE TRANSPORTATION
BOARD

PORTLAND, OREGON

WASHINGTON, D.C.

SALEM, OREGON

BALL JANIK LLP

Honorable Vernon A. Williams
December 23, 1998
Page 2

Guarantors:

B. Ken Forgey, III
1200 South State Street
Chicago Heights, IL 60411

Robert Biscan
1200 South State Street
Chicago Heights, IL 60411

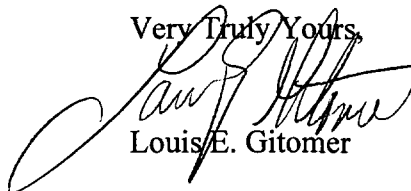
A description of the equipment covered by the Memorandum of Loan and Security Agreement consists of 13 SW-1000 locomotives numbered UP 1205, 1207, 1211, 1218, 1223, 1225, 1226, 1228, 1237, 1244, 1256, 1264, and 1276, and three locomotives slugs numbered UP 1207B, 1208B, and 1209B.

A fee of \$26.00 is enclosed. Please return one original to:

Louis E. Gitomer
Of Counsel
Ball Janik LLP
Suite 225
1455 F Street, N.W.
Washington, DC 20005

A short summary of the document to appear in the index follows: a Memorandum of Loan and Security Agreement among Banc One Leasing Corporation, 1111 Polaris Parkway, Suite A3 (OH1-1085), Columbus, OH 43240, and Industrial Railway Switching and Services, Inc., 1200 South State Street, Chicago Heights, IL 60411, B. Ken Forgey, III, 1200 South State Street, Chicago Heights, IL 60411, and Robert Biscan, 1200 South State Street, Chicago Heights, IL 60411, covering 13 SW-1000 locomotives numbered UP 1205, 1207, 1211, 1218, 1223, 1225, 1226, 1228, 1237, 1244, 1256, 1264, and 1276, and three locomotives slugs numbered UP 1207B, 1208B, and 1209B.

Very Truly Yours,



Louis E. Gitomer

Enclosures

SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20423-0001

OFFICE OF THE SECRETARY

Date: 12/23/98

Louis E. Gitomer
Of Counsel
Ball Janik LLP
1455 F Street, NW., Ste 225
Washington, DC., 20005

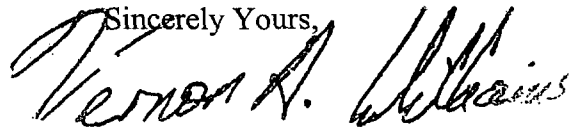
Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of 49 U.S.C. 11301

and 49 CFR 1177.3(c), on 12/23/98 at 2:19 PM , and

assigned recordation number(s). 21898.

Sincerely Yours,



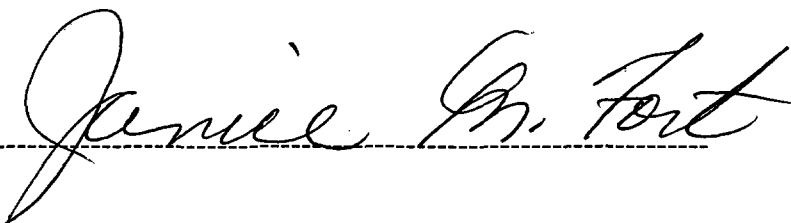
Vernon A. Williams

Enclosure(s)

26.00

\$_____ The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid. In the event of an error or any questions concerning this fee, you will receive a notification after the Surface Transportation Board has an opportunity to examine your document.

Signature-----



DEC 23 '98

2-19PM

MEMORANDUM OF LOAN AND SECURITY AGREEMENT

This Memorandum of Loan and Security Agreement, dated as of December 21, 1998, is by and between BANC ONE LEASING CORPORATION ("Lender"), 1111 Polaris Parkway, Suite A3 (OH1-1085), Columbus, OH 43240, INDUSTRIAL RAILWAY SWITCHING AND SERVICES, INC. ("Borrower"), 1200 South State Street, Chicago Heights, IL 60411, and B. KEN FORGEY, III and ROBERT BISCAN ("Guarantors").

1. The Lender has made a loan to the Borrower pursuant to a Loan and Security Agreement, dated as of December 21, 1998.

2. Pursuant to the Loan and Security Agreement Borrower grants to the Lender a first lien on and security interest in all of Borrower's right, title and interest in and to 13 SW-1000 locomotives numbered UP 1205, 1207, 1211, 1218, 1223, 1225, 1226, 1228, 1237, 1244, 1256, 1264, and 1276, and three locomotives slugs numbered UP 1207B, 1208B, and 1209B, pursuant to Section 1 of the Loan and Security Agreement. In connection with the Loan and Security Agreement, Guarantors guarantee the due payment and performance of all the obligations of the Borrower to the Lender.

This document may be signed in any number of counterparts, each of which shall be an original and all of which shall be a part of this Memorandum of Loan and Security Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties hereto have caused this MEMORANDUM OF LOAN AND SECURITY AGREEMENT to be executed by its duly authorized officer or have executed this MEMORANDUM OF LOAN AND SECURITY AGREEMENT, as of the date first above written.

BANC ONE LEASING CORPORATION
as Lender

By: H. Clifford Gottwald, Jr.
Name: H. Clifford Gottwald, Jr.
Title: Senior Vice President

INDUSTRIAL RAILWAY SWITCHING AND
SERVICES, INC.
as Borrower

By: _____
Name: _____
Title: _____

B. KEN FORGEY, III
as Guarantor

By: _____
Name: _____
Title: _____

ROBERT BISCAN
as Guarantor

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, each of the parties hereto have caused this MEMORANDUM OF LOAN AND SECURITY AGREEMENT to be executed by its duly authorized officer or have executed this MEMORANDUM OF LOAN AND SECURITY AGREEMENT, as of the date first above written.

BANC ONE LEASING CORPORATION
as Lender

By: H. Clifton Gottens, Jr.
Name: H. Clifton Gottens, Jr.
Title: Senior Vice President

INDUSTRIAL RAILWAY SWITCHING AND
SERVICES, INC.
as Borrower

By: BK Forgey III
Name: BK Forgey III
Title: President

B. KEN FORGEY, III
as Guarantor

By: BK Forgey III
Name: BK Forgey III
Title: President

ROBERT BISCAN
as Guarantor

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, each of the parties hereto have caused this MEMORANDUM OF LOAN AND SECURITY AGREEMENT to be executed by its duly authorized officer or have executed this MEMORANDUM OF LOAN AND SECURITY AGREEMENT, as of the date first above written.

BANC ONE LEASING CORPORATION
as Lender

By: H. Clifford Gothwald, Jr.
Name: H. Clifford Gothwald, Jr.
Title: Senior Vice President

INDUSTRIAL RAILWAY SWITCHING AND
SERVICES, INC.
as Borrower

By: _____
Name: _____
Title: _____

B. KEN FORGEY, III
as Guarantor

By: _____
Name: _____
Title: _____

ROBERT BISCAN
as Guarantor

By: Robert Biscan
Name: Robert Biscan
Title: Vice President / Treasurer

State of Ohio)
) ss.
 County of Delaware)

On this 21st day of December, 1998, before me personally appeared H. Clifton Gottwaks, Jr. to me personally known, who, being by me duly sworn, says that (s)he is S.V.P. of Banc One Leasing Corporation, and that (s)he is duly authorized to sign the foregoing instrument on behalf of Banc One Leasing Corporation, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of Banc One Leasing Corporation.



LAURA A. NOBLE
 NOTARY PUBLIC, STATE OF OHIO
 MY COMMISSION EXPIRES OCT. 15, 2001

Laura A. Noble
 Notary Public

My commission expires:

State of)
) ss.
 County of)

On this ___ day of December, 1998, before me personally appeared _____, to me personally known, who, being by me duly sworn, says that (s)he is _____ of Industrial Railway Switching and Services, Inc., and that (s)he is duly authorized to sign the foregoing instrument on behalf of Industrial Railway Switching and Services, Inc., and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of Industrial Railway Switching and Services, Inc.

 Notary Public

My commission expires:

State of Ohio)
) ss.
County of Delaware)

On this 21st day of December, 1998, before me personally appeared H. Clifton Gottwald, Jr. to me personally known, who, being by me duly sworn, says that (s)he is S.V.P. of Banc One Leasing Corporation, and that (s)he is duly authorized to sign the foregoing instrument on behalf of Banc One Leasing Corporation, and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of Banc One Leasing Corporation.



LAURA A. NOBLE
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES OCT. 15, 2001

Laura A. Noble
Notary Public

My commission expires:

State of Ohio)
) ss.
County of Lorain)

On this 21st day of December, 1998, before me personally appeared BK Forzey III to me personally known, who, being by me duly sworn, says that (s)he is President of Industrial Railway Switching and Services, Inc., and that (s)he is duly authorized to sign the foregoing instrument on behalf of Industrial Railway Switching and Services, Inc., and (s)he acknowledged that the execution of the foregoing instrument was the free act and deed of Industrial Railway Switching and Services, Inc.

M. B. Radke
Notary Public

MARY BETH RADKE
My commission expires: NOTARY PUBLIC, State of Ohio
My Commission Expires Mar. 3rd 2003

State of Ohio)
County of Lorain) ss.

On this 26 day of December, 1998, before me personally appeared B. Ken Forgey, III, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

MARY BETH RADKE
Notary Public MARY BETH RADKE
NOTARY PUBLIC, State of Ohio
My Commission Expires Mar. 3rd, 2003

My commission expires:

State of _____)
County of _____) ss.

On this ___ day of December, 1998, before me personally appeared Robert Biscan, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:

State of _____)
) ss.
County of _____)

On this __ day of December, 1998, before me personally appeared B. Ken Forgey, III, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

Notary Public

My commission expires:

State of IL)
) ss.
County of COOK)

On this 22 day of December, 1998, before me personally appeared Robert Biscan, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

Margaret Palm
Notary Public

My commission expires:

